

**VPM's**  
**DR VN BRIMS, Thane**  
**Programme: MMS (2022-24)**  
**Third Semester Regular Examination January - February 2024**

<b>Course Name:</b>	Financial Modeling	<b>Course Code</b>	F316
<b>Roll No.</b>		<b>Marks</b>	60
<b>Total No. of Questions</b>	6	<b>Duration</b>	3 Hours
<b>Total No. of printed pages</b>	1	<b>Date</b>	07/02/2024

**Course Outcome Statements:**

**CO1:** RECALL the basic terminologies related to financial Modeling.

**CO2:** UNDERSTAND concepts, frameworks, tools and techniques used in financial Modeling.

**CO3:** MAKE USE OF financial statements, revenue drivers, sensitivity and scenario analysis using advanced excel to solve managerial problems.

**CO4:** EXAMINE financial statements, segment revenue, geographic and product drivers to predict the future financial performance of companies.

**CO5:** COMPARE the financial model with equity reports to assess its viability.

**CO6:** DEVELOP financial models of listed Indian companies for investment decision making

**Instructions: -**

(All Questions are Compulsory)

<b>Instructions: -</b>		<b>Marks</b>	<b>BL</b>	<b>CO</b>																														
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<b>Q. 4</b>	Answer <b>Any two</b> from the following.																																	
	<p><b>a.</b> From the following information of Best Ltd. ascertain the following:  The current intrinsic value of share.  Recent EPS = INR 2.00 Growth rate (constant) = 5% Dividend Payout Ratio = 50% Required Rate of Return = 10% After five years the P/E ratio is 10.5</p>	<b>6</b>	<b>Level 3</b>	<b>CO3</b>																														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Company</th> <th style="width: 10%;">Beta</th> <th style="width: 10%;">Shares o/s</th> <th style="width: 10%;">Share price</th> <th style="width: 10%;">Debt/equity</th> <th style="width: 10%;">Tax rate</th> </tr> </thead> <tbody> <tr> <td>Schneider Electric</td> <td>1.21</td> <td>591</td> <td>55.89</td> <td>0.3</td> <td>19%</td> </tr> <tr> <td>GE</td> <td>1.03</td> <td>9195</td> <td>32.96</td> <td>1.7</td> <td>30%</td> </tr> <tr> <td>Royal Philips</td> <td>1.20</td> <td>948</td> <td>26.1</td> <td>0.8</td> <td>23%</td> </tr> <tr> <td><b>Siemens</b></td> <td></td> <td>823</td> <td>95.31</td> <td>0.67</td> <td>26%</td> </tr> </tbody> </table> <p>Calculate levered beta and unlevered beta</p>	Company	Beta	Shares o/s	Share price	Debt/equity	Tax rate	Schneider Electric	1.21	591	55.89	0.3	19%	GE	1.03	9195	32.96	1.7	30%	Royal Philips	1.20	948	26.1	0.8	23%	<b>Siemens</b>		823	95.31	0.67	26%	<b>6</b>	<b>Level 3</b>	<b>CO3</b>
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	<p><b>c.</b> (i) A firm is expected to have revenue of USD 5 billion 6 years from now with a value to sales multiple of its peers of 2. Calculate the terminal value.</p> <p>(ii) Book value of an asset 10 years from now is expected to be USD 40 million. Average age of the asset is 7 years from that point. The expected inflation rate is 3%. Calculate the expected liquidation value of the asset</p>	<b>6</b>	<b>Level 3</b>	<b>CO3</b>																														
<b>Q. 6</b>	Answer <b>Any two</b> from the following.																																	
	<b>a.</b> Explain which methods would you use to forecast revenues.	<b>6</b>	<b>Level 1</b>	<b>CO1</b>																														
	<b>b.</b> How do you run an Excel macro step by step?	<b>6</b>	<b>Level 1</b>	<b>CO1</b>																														
	<b>c.</b> Explain football field analysis.	<b>6</b>	<b>Level 1</b>	<b>CO1</b>																														